

This brochure provides a detailed explanation of the contents of the Form W-2 issued to you for tax year 2004 (27 pay days). This represents cash payments you have received during calendar year 2004. Due to the actual timing of cash receipts, this amount may vary from your stated annual salary. It will also include non-cash benefits (parking, housing, tangible assets, use of state vehicle, imputed income). You will be issued only one Form W-2 for tax year 2004, pay period ending December 25, 2004, which represents 54 pay weeks.

Pretax Deductions

The following deductions are excluded from your gross earnings in Box 1 for the purpose of **federal tax withholding**: Contributions to Regular Retirement; Dependent Care Assistance Plan and fees; Deferred Compensation §457(b) including both Voluntary and Mandatory (OBRA 90) contributions; Tax Sheltered Annuities §403(b); Health Insurance Premiums, Health Care Spending Account contributions and fees, and Transit Passes.

The following deductions are excluded from your gross earnings in Box 16 for the purpose of **state tax withholding**: Dependent Care Assistance Plan and fees; Deferred Compensation §457(b) including both Voluntary and Mandatory (OBRA 90) contributions; Tax Sheltered Annuities §403(b); Health Insurance Premiums and Health Care Spending Account contributions and fees.

Please contact your department's payroll office if:

- 1. You have a Question** about your W-2.
- 2. You need a Reprint** of your Form W-2.
- 3. You need a W-2C** (Statement of Corrected Income and Tax Amounts). A W-2C is needed if your name, social security number or any of the information reported on your Form W-2 is incorrect.



Massachusetts Department of Revenue

1 Wages, tips, other comp. 21,300.44	2 Federal income tax withheld 2,287.78
3 Social security wages	4 Social security tax withheld
5 Medicare wages and tips	6 Medicare tax withheld
a Control number	OMB No.1545-0008
b Employer's ID number	04-6002284
c Employer's name, address, and ZIP code COMMONWEALTH OF MASSACHUSETTS	
d Employee's social security number 000-00-0000	
e Employee's name, address, and ZIP code JOHN TAXPAYER ANYTOWN, MA 00000	
9 Advance EIC payment	10 Dependent care benefits
11 Nonqualified plans	12 See instructions for box 12 C
13 Statutory Employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>	
14 Other a <input type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d <input type="checkbox"/> e <input type="checkbox"/> o <input type="checkbox"/>	P r e t a x D e d u c t i o n s
15 State MA	Employer's state I.D.
16 State wages, tips, etc. 23,116.77	
17 State income tax 939.33	18 Local wages, tips, etc.
19 Local income tax	20 Locality name
Copy 2 W-2	State Filing Copy Wage and Tax Statement
2004	

Important Reminder for State and Public Employees

On your W-2, there is a special amount shown for state wages, tips, etc. Generally, the amount shown for state wages is higher than the amount shown for federal wages because your pension contributions are excluded from your income for federal tax purposes.

When filing your Massachusetts income tax return, you must use the amount shown for state wages. If you enter the lower dollar amount, your return will be corrected and any refund you may be expecting will be delayed.

This sample W-2 shows where you will find the state wage number.

Use this number on your Massachusetts income tax return.

And Remember to E-File!

E-File is filing your Massachusetts return electronically through 1 of 3 methods offered by the Department of Revenue (DOR):

✱ **Telefile.** E-File by touch-tone telephone.

✱ **Paid preparer.** Thousands of preparers E-File federal and state returns.

✱ **Commercial tax preparation software and websites.**



CALL OR CLICK. GET IT QUICK!

Why E-File?

- ✱ **Less stress.** E-File prevents common mistakes and you get proof of filing.
- ✱ **Fast refunds and attractive payment options.** Refunds in 3-4 days. Direct deposit. If you owe, file now, mail a check later. Credit and check cards accepted with Telefile.
- ✱ **Easy and convenient.** Have all calculations performed for you. Just press a button to file. Web and Telefile options are available 24/7.

Visit **www.mass.gov/dor** to learn more about free e-file options.



www.mass.gov/osc

W-2

Form Instructions

2 0 0 4

Tax Reporting for Commonwealth Employees

Martin J. Benison
Comptroller



**Office of the Comptroller
Commonwealth of Massachusetts**
1 Ashburton Place 9th Floor
Boston, MA 02108

Box 1

The **federal taxable income**, equal to employee's Total Gross Pay from pay stub for period ending December 25, 2004 and paid on December 31, 2004.

Plus

- Cash and non-cash benefits listed in Boxes 12c, 14p, 14s, 14t, 14u

Minus

- Dependent Care Assistance Plan contributions and fees (Box 10)
- Tax Sheltered Annuity contributions (Box 12e)
- OBRA 90 Alternative Retirement Plan contributions and elective Deferred Compensation (Box 12g)
- Pretax Transit Pass (Box 14b)
- Pretax Retirement contributions (Box 14c)
- Pretax Health Insurance premiums (Box 14e)
- Pretax Health Care Spending Account contributions and fees (Box 14o)

Box 5

Wages subject to Medicare tax, equal to employee's Total Gross Pay from pay stub for period ending December 25, 2004 and paid on December 31, 2004.

Plus

- Cash and non-cash benefits listed in Boxes 12c, 14p, 14s, 14t, 14u

Minus

- Dependent Care Assistance Plan contributions and fees (Box 10)
- Pretax Transit Pass (Box 14b)
- Pretax Health Insurance premiums (Box 14e)
- Pretax Health Care Spending Account contributions and fees (Box 14o)

Box e:

Employee's name, address and zip code as it appears in the HR/CMS payroll system.

Box 9:

Total allowable Advance Earned Income Credit paid to eligible employees during tax year 2004.

Box 17:

Total amount of state tax withheld from the employee during the tax year.

Shaded areas are either "Not Applicable" or "Eliminated."

Box 2: Total amount of federal tax withheld from employee during the tax year.

Box 6: Amount of Medicare tax withheld from the Medicare wages of qualifying employees.

Box b: The Employer Identification Number (EIN) assigned by the IRS to the Commonwealth of Massachusetts.

Box 12

- **12c** - The cost of Group Term Life Insurance over \$50,000 – Imputed Income (included in Boxes 1, 5 and 16).
- **12e** - Contributions made to a Tax Sheltered Annuity (TSA). The Tax Sheltered Annuity Plan (elective) is a deferral governed by Section 403 (b).
- **12g** - Elective and non-elective (OBRA 90 Alternative Retirement) contributions to the Deferred Compensation 457 (b) Plan managed by ING.

Box c: The Commonwealth of Massachusetts is the employer.

Box 10: Total payments made to the Dependent Care Assistance Plan (DCAP).

Box 14

- **14a** - Post-Tax Retirement contribution. This retirement contribution is subject to federal taxation before being credited to the employee's retirement account and has been taxed accordingly. The post-tax method is applicable for voluntary buy back (make-up) retirement contributions.
- **14b** - The amount of pretax transit benefit.
- **14c** - The amount of retirement deducted from the employee's earnings on a pretax basis. This retirement contribution will be subject to federal taxation at a later date and therefore is not subject to taxation before being credited to the employee's retirement account. This code will include all contributions to the State Retirement Plan, the Higher Education Optional Retirement Plan and the County Retirement Plan.
- **14e** - Total amount of health insurance premiums paid on a pretax basis. These premiums are not subject to tax now or in the future.
- **14o** - Total amount of Health Care Spending Account contributions and fees paid on a pretax basis.
- **14p** - Total amount of the federal Non-cash Parking benefit, added to Boxes 1 and 5.
- **14r** - Total amount of the state Non-cash Parking benefit, added to Box 16.
- **14s** - Total amount of the Non-cash benefit for Use of State Vehicle, added to Boxes 1, 5 and 16.
- **14t** - Total amount of the Housing Allowance benefit, added to Boxes 1, 5 and 16.
- **14u** - Total amount of the Imputed Health benefit, added to Boxes 1 and 5.

Box d: Employee's SSN as it appears in the HR/CMS payroll system.

Box 13: Retirement Plan: An "X" indicates a state employee was a contributing member to the Commonwealth of Massachusetts Retirement System and/or contributed to a Tax Sheltered Annuity Plan (403(b)).

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d Employee's social security number 000-00-0000	
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11 Nonqualified plans	12 See instructions for box 12 c e g
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15 State MA Employee's state I.D.	16 State wages, tips, etc. 23,116.77
17 State income tax 939.33	18 Local wages, tips, etc.
19 Local income tax	20 Locality name
Copy 2 W-2	State Filing Copy Wage and Tax Statement 2004

Box 16

The **state taxable income**, equal to employee's Total Gross Pay from pay stub for period ending December 25, 2004 and paid on December 31, 2004.

Plus

- Cash and non-cash benefits listed in Boxes 12c, 14r, 14s, 14t

Minus

- Dependent Care Assistance Plan contributions and fees (Box 10)
- Tax Sheltered Annuity contributions (Box 12e)
- OBRA 90 Alternative Retirement Plan contributions and elective Deferred Compensation (Box 12g)
- Pretax Health Insurance premiums (Box 14e)
- Pretax Health Care Spending Account contributions and fees (Box 14o)

Generally, the amount shown for State Wages is higher than the amount shown for Federal Wages because the pretax retirement contribution is excluded from the taxable income for federal tax purposes. When filing the Massachusetts Income Tax Return, employees must use the amount in Box 16 for state wages.